

Chapter 8

ADMINISTRATION OF THE RAILROAD RETIREMENT SYSTEM

ADMINISTRATION

The railroad retirement system is based on three Federal laws: the Railroad Retirement Act, the Railroad Unemployment Insurance Act, and the Railroad Retirement Tax Act. The first two of these Acts are administered by the Railroad Retirement Board, and the third, by the Internal Revenue Service of the U.S. Treasury. The Board also participates in the administration of the Federal Medicare health insurance program. In past years, the Board assisted in the administration of certain employee protection provisions of the Regional Rail Reorganization Act, the Northeast Rail Service Act, the Milwaukee Railroad Restructuring Act, and the Bankrupt Railroad Service Preservation and Employee Protection Act.

An independent agency in the executive branch of the Federal Government, the Board is administered by three members appointed by the President, with the advice and consent of the Senate. By law, one member is appointed upon recommendation made by railroad labor organizations, one upon recommendation of railroad employers, and the third member, the Chairman, is, in effect, independent of employees and employers and represents the public interest. The terms of office are five years and are arranged so as to expire in different calendar years. The President also appoints an Inspector General for the Board.

The primary function of the Board is the determination and payment of benefits under the retirement-survivor and unemployment-

sickness programs. To this end, the Board must employ field representatives to assist railroad personnel and their families in filing claims for benefits, examiners to adjudicate the claims, and technicians to operate the extensive data processing equipment needed for maintaining earnings records, calculating benefits and processing payments.

The Board also employs actuaries to predict the future income and outlays of the Railroad Retirement Account, statisticians and economists to provide vital data, and attorneys to interpret legislation and represent the Board in litigation. Internal administration requires a procurement staff, a budget and accounting staff, and personnel specialists. The Inspector General employs auditors and investigators to detect any waste, fraud or abuse in the benefit programs.

The headquarters of the Board is located at 844 North Rush Street, Chicago, Illinois 60611-2092 and the Board maintains field offices in selected railroad locales across the United States.

Relations Between the Board and Other Government Agencies

As an independent agency in the executive branch of the Federal Government, the Board has many dealings with a number of other Federal agencies and with some State agencies. Its dealings with some of these agencies, such as the President's Office of Management and Budget, the Office of Personnel Management, the General Accounting Office, and the Department of the Treasury, are similar to the dealings of other executive branch agencies with these units. The Board's relations with certain others—principally, the Social Security Administration, the Health Care Financing Administration, the State employment security departments and, on a smaller scale, the Department of Labor—are related directly or indirectly to the various benefit programs.

The Board's relationship with the Social Security Administration is particularly extensive because of the coordination between the two systems. Railroad retirement annuities may be based in part on social security credits and social security benefit amounts awarded after 1974 to railroad retirement annuitants are made through the Board in

combined railroad retirement-social security monthly benefit payments.

The Board and the Social Security Administration have an interagency agreement providing for system-to-system access between the two agencies. This allows Board computer systems to access information as it is needed, thus improving customer service and reducing errors.

Relations Between the Board and Congress

The Board has numerous contacts with the Congress as a whole and with its individual members and committees. It sends the President an annual report on its operations which is submitted to the Congress and, on request, supplies additional information on the Board's programs. Officials of the Board frequently testify at congressional hearings on proposed legislation to amend the Railroad Retirement and Railroad Unemployment Insurance Acts, and the Board prepares reports on such legislation. Congress has jurisdiction over the amounts available to the railroad retirement system for benefit payments and for administration.

Relations Between the Board and Railroads

The administrative organization of the Board fosters close relations with railroad employers, employees and their representatives. As mentioned earlier, two of the Board's three members are appointed on the recommendations of railway labor and management associations, and labor and management officials have been active in the development of the railroad retirement and unemployment insurance programs since their inception.

In addition, the Board relies on labor groups and railroad employers for assistance in keeping railroad personnel informed about the Board's benefit programs. The Board conducts informational programs for railroad labor and management officials to acquaint them with the details of the benefit programs and their reporting responsibilities. These officials, in turn, educate railroad workers as to their benefit rights and responsibilities.

Railroad employers and railway labor groups also cooperate with the Board in a joint placement program to find jobs for unemployed personnel. These joint placement efforts help to reduce the costs of the unemployment insurance program.

The Board has direct contact with railroad employees through its field offices where its personnel explain benefit rights and responsibilities on an individual basis, assist employees in applying for benefits, provide related services for annuitants and answer any questions related to the benefit programs.

Through various publications and press releases, the Board disseminates, as widely as possible, information on its operations and the provisions of the laws it administers. Its publications include annual reports, triennial actuarial valuations, and benefit booklets and leaflets.

Budget Estimates

Each year, Congress specifies in an appropriation act how much of the money derived from employer and employee taxes the Board may spend to administer the benefit programs. The appropriation is based on budget estimates prepared by the Board. The requested appropriation is sent to the Congress at the same time it is sent to the President's Office of Management and Budget. In addition, as explained in the retirement financing chapter, the level of certain dual benefit payments for a fiscal year is determined by the Federal budget and appropriations process.

Relation of Administrative Costs to Benefit Payments

The Board has always had an exceptionally good record of administrative economy. Total administrative expenses currently average about one percent of benefit payments. Despite the complexity of the Railroad Retirement Board's programs, this low operating ratio compares very favorably with the relative costs of other Federal agencies administering social insurance programs.

PROGRAM INTEGRITY

Railroad employees, by and large, are honest and law abiding, but any large group may include a few persons who either deliberately or through lack of knowledge seek benefits to which they are not entitled. Various procedures for detecting and discouraging such actions include reviews of employer records for work on days claimed as days of unemployment or sickness and checks with State agencies to detect duplication of benefit payments. The Board has wage matching agreements with all 50 States, the District of Columbia, Puerto Rico and Canada, covering the entire rail population. Electronic data exchange programs with railroads as well as Federal and State agencies have significantly enhanced the Board's capability to detect fraud and abuse of the railroad unemployment and sickness insurance system. The 75-day disqualification is applied in all cases in which fraud is discovered. In some cases, prosecution is also recommended.

In recent years, with the establishment of the Board's Office of Inspector General, much greater resources have been allocated to program integrity activities designed to protect the railroad retirement trust funds. Such activities include the investigation of uncashed annuity checks, matches with Social Security Administration and Health Care Financing Administration death records, and development of an on-line system to monitor railroad retirement/social security trust fund transfers. In addition to conducting audits of the Board's operations, the Inspector General's Office identifies and refers cases for prosecution of individuals who commit fraud against the Board's benefit programs.

CUSTOMER SERVICE PLAN

The Board has adopted a Customer Service Plan. It is centered on the following principles of customer service: standards; openness; accessibility; and accountability. In developing this plan, the Board considered the findings of a customer satisfaction survey, the results of focus group research, and responses received on point-of-service evaluation forms. The plan described here will be reviewed and

updated periodically as the Board gains more experience with it and as it compares its service with the best in the private sector.

Standards

- We will be courteous and treat you with respect every time you contact us.
- The information you provide us is protected under the provisions of the Privacy Act.
- We will reply within 10 working days of receiving your letter. If for any reason we cannot, we will acknowledge your letter and tell you how long it will be before we can answer your questions fully.
- If you filed for your railroad retirement employee or spouse annuity in advance, you will receive your first payment, or a decision, within 45 days of your date of retirement.
- If you filed for a railroad retirement survivor annuity or lump-sum benefit, you will receive your first payment, or a decision, within 75 days from the date you filed your application, or became entitled to benefits, if later.
- If you filed an application for unemployment or sickness insurance benefits, you will receive a claim form, or a decision, within 15 days of the date we receive your application.
- If you filed a claim for unemployment or sickness insurance benefits, you will receive your payment, or a decision, within 15 days of the date we receive your claim form.
- If you filed for a railroad retirement disability annuity, you will receive your first payment, or a decision, within 120 days from the date you filed your application.
- If you think we made the wrong decision about your benefits, you have the right to ask for review and to appeal. We will tell you about these rights each time we make an unfavorable decision about your benefits.
- Claims for some benefits may take longer to handle than others if they are more complex, or if we have to get information from other people or organizations. If this happens, we will give you an explanation and an estimate of the time required to make a decision.

Openness

- We will display in each office how well we are meeting the established standards.
- When you visit our offices, the staff you see will identify themselves by name.
- When you telephone us, we will identify ourselves by name.
- Our letters will be easy to understand, and, unless the letter is a computer notice, the person writing to you will give you his or her name.

Accessibility

- When you telephone us, you should be able to reach us on the first try.
- When visiting us, you will be helped within 5 minutes of your scheduled appointment.
- You will not have to wait more than 30 minutes if you do not have an appointment.
- If you cannot come to our office, we may be able to visit you at home or at one of our regularly scheduled service locations.

Accountability

- If things go wrong, at the very least you are entitled to a good explanation and an apology.
- A Customer Assessment Survey form is available in every office for you to tell us how we did and how we can improve our service.
- If you are not satisfied with our service, you may contact the manager of the office with which you have been dealing, or the Regional Director who is responsible for that office. Their names and addresses are available in each office.

NONDISCRIMINATION ON THE BASIS OF DISABILITY

Under Section 504 of the Rehabilitation Act of 1973 and Railroad Retirement Board regulations, no qualified person may be discriminated against on the basis of disability. The Board's programs and activities must be accessible to all qualified applicants and beneficiaries, including those who are vision or hearing-impaired. Disabled persons needing assistance (including auxiliary aids or program information in accessible formats) should contact the nearest Board office. Complaints of alleged discrimination by the Board on the basis of disability must be filed within 90 days in writing with the Director of Equal Opportunity, Railroad Retirement Board, 844 North Rush Street, Chicago, Illinois 60611-2092. Questions about individual rights under this regulation may also be directed to the Board's Director of Equal Opportunity.

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FRAUD AND ABUSE HOT LINE

Call the toll-free Hot Line if you have reason to believe that someone is receiving railroad retirement or unemployment-sickness benefits to which he or she is not entitled; or that persons responsible for the financial affairs of minors or incompetent beneficiaries are misappropriating benefits. You may also use the Hot Line to report any suspected misconduct by a Railroad Retirement Board employee. The Hot Line has been installed by the Railroad Retirement Board's Inspector General to receive any evidence of such fraud or abuse of the Board's benefit programs.

The toll-free Hot Line number nationwide is 1-800-772-4258. Or you may send your complaints in writing to: RRB, OIG, Hot Line Officer, 844 North Rush Street, Chicago, Illinois 60611-2092.

Please do not call the Inspector General's Hot Line with questions about eligibility requirements, delayed claims, or similar problems. Such matters should be directed to the nearest Railroad Retirement Board office.

If you have reason to believe that a doctor, hospital, or other provider of health care services is performing unnecessary or inappropriate services or is billing Medicare for services you did not receive, call the Department of Health and Human Services Hot Line at 1-800-HHS-TIPS.